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Clare Petre
Chair
Independent Accountability Panel

By email: submissions@theenergycharterpanel.com.au

ENERGY CHARTER 2021 PUBLIC SUBMISSION

Dear Clare,

Energy Consumers Australia appreciates the opportunity to respond to the Independent Accountability Panel's (IAP) call for submissions on the 2021 Disclosures by the Energy Charter Signatories. Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the then Council of Australian Governments Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply. We advocate for a future Australian energy system that works for, and benefits, the households and small businesses who use it.

The 2021 disclosures cover the third year of the Energy Charter since its inception in 2019. Disclosures from those signatories who committed to the Energy Charter principles during the first year demonstrated an opportunity for the energy sector, to move towards a more consumer-centric future. In its second year we were pleased to see an improvement in the quality of the disclosures and a genuine attempt from the signatories to improve their practices for better consumer outcomes. Now in its third year, the process has further matured, and as a result, we have expectations of continued improvement building on last year's disclosures and overall progress.

It is in this context that our submission provides commentary on two key themes. First, reflection and recommendations related to the guidance for signatories to improve the disclosure writing process through observations on the 2021 disclosures, the need for clearer outcomes and the drive for systematic change within the organisations that will influence and shape business practice and engagement with Energy Charter initiatives. Second, reflections and recommendations for focus areas for the signatories in the forthcoming year based on current issues for consumers including COVID-19 support for households and small business, Indigenous and minority support and the need for social licence.

We note that this year, there has been a change in the makeup of the Energy Charter signatories, with a majority of networks and fewer retailers, and one signatory not submitting a disclosure report¹. Our comments reflect this shift, recognising that most signatories may have limited ability to engage directly with customers. We are concerned that a key premise of the Energy Charter to drive collaboration across the supply chain, may be increasingly difficult to achieve with the current mix of signatories.

¹ [Signatories - The Energy Charter](#)



We would also like to acknowledge that while we have provided examples of initiatives that have demonstrated positive consumer outcomes, we do not have the scope in this submission to recognise all the initiatives championed by the signatories. Examples included are used to highlight overall points and particular contexts and are certainly not the only good work being carried out by signatories.

Reflection on the disclosures and the Energy Charter

1. 2021 disclosures

Last year we saw a marked improvement from the Energy Charter signatories with a clearer focus on putting consumers at the centre of their business, evidenced by their 2020 disclosure statements. The progress from 2019 to 2020 demonstrated a genuine attempt from the signatories to know and understand their customers, an essential step in the right direction for meeting the first principle of the Energy Charter, *we will put customers at the centre of our business and the energy system.*²

The momentum demonstrated last year set an expectation of continued movement along this trajectory in 2021, the third year of the Energy Charter. Indeed, this was demonstrated by a handful of signatories, however, collectively, we feel the signatories have not demonstrated the forward momentum that the Energy Charter calls for. We recognise that 2021 has been a challenging year with a substantial work program in the energy sector and the COVID-19 pandemic continuing to have ongoing and wide-ranging impacts. However, it may be useful for signatories to reflect on how they might refocus their efforts in 2022. In this context, signatories should consider how they might best share knowledge and learnings and engage in deeper cooperative processes to better support consumers, as the integral makeup of the energy system. Put simply, the whole needs to be greater than the sum of its parts, and currently, we are not seeing that collective effort.

2. Clearer outcomes are needed

The annual Disclosure Statements are an opportunity for signatories to demonstrate their commitment to improving business practices and delivering better customer outcomes. Transparency and accountability in signatory's disclosures are key to understanding and assessing progress towards these goals. Having reviewed each of the disclosures again this year, we believe there could be improvements in the disclosures which would facilitate an easier process and a more constructive dialogue.

Overall, we welcome the intent of the disclosures, but want to see explicit and direct metrics and outcomes. Disclosures could benefit by clearly articulating the impact of the initiative, program or partnership. Ausgrid's³ table layout and content is an example of such an approach, which was clear and easy to follow. This would allow identification of the learnings and how this has influenced the business or shaped the initiatives moving forward. This approach would also provide the potential to increase knowledge transferability between signatories and address the momentum issue previously identified.

² [About - The Energy Charter](#)

³ [Ausgrid-2021-Disclosure.pdf \(theenergycharterpanel.com.au\)](#)



Moving forward, we would also like to see an improvement in self reporting performance results in terms of measurable consumer outcomes. We recommend generating and distributing a common metric or template for future disclosures. This will allow signatories to clearly address what they did, why they did it and the measurable outcome or impact. It will also help the members of the End User Consultative Group (EUCG) compare signatory efforts, easily and succinctly and identify initiatives, high performers and principle areas that need more attention.

We recommend this metric not be auto filled or retrofitted like a tick a box but instead used to record genuine progress that has gone above and beyond business as usual and regulatory obligations such as the Australian Energy Regulator (AER) Statement of Expectations. This is what the Energy Charter was founded on, and it would be good to see this clearly come through the disclosure statements. A common metric making the content of the disclosures more digestible would also assist consumer advocates in getting through the material given most are time poor, under-resourced and the timeline around reading the disclosures before the IAP forums are quite tight.

3. Systematic and culture change within signatories is needed

Signatories that have signed on to the Energy Charter have committed to the five overarching principles. To embed these principles into business practice and deliver positive customer outcomes, genuine culture change within these signatories is paramount. Dramatic culture change has the potential to reframe and recontextualise priorities and practice by drawing attention to the problems faced by customers and identifying opportunities for the energy sector to recognise, intervene and support. To get there, leadership needs to be shown from the top, CEO and Boards need to champion these initiatives to authentically shape the direction of the organisations towards consumer prioritisation. This is what leads to systemic changes, and this is what we need to progress forward. This year, we see some signatories doing this very well for example Powerlink who led the Customer Voice @ Board Level supported by CleanCo, Horizon Power and Stanwell Corporation⁴. However, others continue to inform, rather than co-create and regularly consult with CEO and Board pointing to a missed opportunity for culture change which is so eminently needed.

Reflection on current issues facing consumers

1. Supporting households and small businesses impacted by COVID-19

In 2021, we saw the continuation of lockdowns across the country due to COVID-19, amplifying the difficulty faced by households and small business. Overall, COVID-19 support efforts were positive, for example the #bettertogether initiative COVID-19 Vulnerability Research led by Jemena, ActewAGL, Energy Queensland, Essential Energy, Powershop and Simply Energy, which attempts to better understand customers impacted by COVID-19 and how the energy sector can help them⁵. This research demonstrates a good first step, highlighting the need for a significant collaborative effort to take these findings and expand vulnerability support beyond what is expected behaviour of signatories such as measures which have already been mandated.

⁴ [Powerlink-Queensland-2021-Disclosure.pdf \(theenergycharterpanel.com.au\)](#)

⁵ [COVID-19 Customer Research - The Energy Charter](#)



Moving forward, recognition of the need for ongoing support and planning for a post pandemic debt tsunami should be prioritised, and we would like to see evidence of this planning from signatories. This ongoing support is particularly relevant for small businesses, who pre-pandemic may not have been considered vulnerable or in need of hardship plans, but this cohort has been hit hard, particularly in Victoria and NSW and within certain industries. Without the Statement of Expectations measures in place, it will be on signatories to ensure support is continued beyond business-as-usual practices.

COVID-19 has highlighted the situational aspects of vulnerability and movement in and out of hardship. In this context we may see consumer reluctance or hesitation to ask for help as they have previously not identified as being vulnerable. This presents a great opportunity for signatories to proactively engage and reach customers who need help. In this context, if handled correctly and with genuine effort and good intent, the energy sector can show leadership in supporting Australians during this difficult time as we start to rebuild and repair.

2. Indigenous engagement and support for minority groups

With respect to Indigenous community engagement, a number of signatories have implemented Reconciliation Action Plans (RAP) this Financial Year which is positive. Looking ahead, it would be valuable to understand the impacts of these plans in communities in which they operate in. A good example of Indigenous engagement was Transgrid who appointed two Indigenous Engagement staff members responsible for establishing relationships with Indigenous Australian leaders and communities early in the engagement process.⁶

We were pleased to see the strong recognition in the forums for the Voices for Power Train-the-Trainer Program led by the Sydney Alliance and Sydney Community Forum supported by Ausgrid, Endeavour Energy and Jemena⁷. This collaboration highlights the work being done to assist culturally and linguistically diverse (CALD) consumers. Continued development in programs that support consumers who may be more susceptible to vulnerability can help address affordability issues and bridge current gaps in communication. For example, social workers supporting consumers with mental health issues, temporary homelessness, and family violence.

3. Distributed energy resources and social licence

Energy Consumers Australia views the energy transition in two parts, firstly, and most well-known is the decarbonisation of the energy system or getting to net zero – a shift away from large-scale traditional thermal generation to renewable generation and storage. This is explicitly addressed in the third Energy Charter principle *we will provide energy safely, sustainably and reliably*⁸, and the fourth recommendation from the 2020 IAP panel report, *adopt and each publicly articulate a clear, collective approach that builds on recent energy industry acknowledgement of the inevitability of change, effectively communicates how the ‘north star’ of net zero emissions feeds into better consumer outcomes, and drives a whole of sector focus on making energy transition work for consumers*⁹.

⁶ [TransGrid Energy Charter Disclosure \(theenergycharterpanel.com.au\)](https://theenergycharterpanel.com.au)

⁷ [Energy Training — Sydney Alliance](#)

⁸ [About - The Energy Charter](#)

⁹ [IAP-2020-Final-for-publication.pdf \(theenergycharterpanel.com.au\)](#)



The second transition is towards decentralisation as we see the increased uptake of distributed energy resources (DER) such as consumer owned solar PV, electric vehicles and batteries, and is talked about less often but is equally important. The rapid integration of DER is challenging the existing energy system design, resulting in controls over DER. However, these controls come at a cost to those who have invested in the DER technology and as a result, building and maintaining social licence is imperative.

We have seen through the IAP forums, recognition of the importance of social licence and the risk it brings in not getting it right, namely a long and costly transition. We are yet to see this recognition translate into the disclosure statements from signatories. The importance of social licence should not only be on the signatories' radar, but actively encouraged through initiatives. In this context, we suggest social licence milestones and actions, for example community listening and a focus on trust building, be included in the 2021 IAP panel recommendations. These actions may help to build trust within the community and with customers, which is not only essential for social licence but also a step in the right direction to champion the Energy Charter principles holistically.

The work of the IAP

The IAP plays a critical role in being a constructive source of feedback and advice for the Energy Charter signatories, and in raising the bar and lifting expectations of better outcomes for consumers.

Energy Consumers Australia greatly appreciates the diligence and care which the IAP exercises this role and looks forward to your 2021 Report.

Once again, thank you for the opportunity to provide our feedback on the 2021 Energy Charter Signatory Disclosures. If you have any questions about our comments in this submission, or require further detail, please contact Jacqueline Crawshaw, Director Policy, by phone on 02 9220 5500 or by email at jacqueline.crawshaw@energyconsumersaustralia.com.au.

Yours sincerely,

Lynne Gallagher
Chief Executive Officer